

**2024**

# Seven Strategies for Year-End Giving



**UC San Diego**

# Making a Difference

## Smart Year-End Gift Options for 2024

The end of the year is a time to celebrate, reflect, plan and give. If your reflection reveals a desire to make an important difference for others, and your planning uncovers the need to minimize taxes, you can do both with a meaningful and strategic charitable gift.

We are grateful for your thoughtful support of our work and our mission. We are happy to help you and your advisors as you explore your options for making an impact in a way that provides useful tax advantages.

### 1 A Gift of Cash

This traditional year-end gift is simple and straightforward. It also qualifies for a charitable income tax deduction up to 60% of your adjusted gross income. However, keep in mind that other types of gifts may provide stronger tax benefits.

Initiate gift by December 31

### 2 A Gift of Appreciated Stock or Mutual Fund Shares

Giving appreciated stock or mutual fund shares (held for more than a year) provides greater tax savings than giving cash. You pay no capital gains tax on the appreciation but still qualify for an income tax charitable deduction for the full fair market value of the shares. This is a particularly beneficial gift if you are rebalancing your portfolio as part of your overall planning strategy.

Initiate gift by December 26

### 3 A Charitable Gift Annuity

This is an attractive giving option today because gift annuity rates are currently the highest they've been in 16 years! In exchange for your gift, you qualify for an immediate income tax charitable deduction and receive fixed payments that can supplement your income for the rest of your life.

Initiate gift by December 2

Sample one-life gift annuity rates, effective January 1, 2024.

AGE 70	AGE 75	AGE 80	AGE 85	AGE 90
6.3%	7.0%	8.1%	9.1%	10.1%

## **4 A Traditional Gift from Your IRA**

If you are age 70 ½ or older, you can make a qualified charitable distribution directly from your IRA to us. The gift counts toward your required minimum distribution (RMD) if one is due, and although you don't receive a deduction for your gift, there is no income tax due on a transferred amount up to \$105,000 (annual aggregate limit).

**Initiate gift by December 20**

## **5 A New IRA Gift Option**

If you are age 70 ½ or older, you can make a one-time, tax-free distribution up to \$53,000 from your IRA to create a new charitable gift annuity (CGA) or charitable remainder trust (CRT), thereby creating an income stream for you and/or your spouse. Spouses can combine gifts from their own IRAs into a single CRT or a joint-life CGA. The gift counts toward your RMD if one is due. Income payments are taxable as ordinary income.

**Initiate gift by December 11**

## **6 A Charitable Remainder Trust**

A charitable remainder trust can reduce taxes by converting highly appreciated assets (e.g., stock or real estate) into a lifetime income stream. You simply transfer assets to an irrevocable trust. This removes the assets from your estate and provides an immediate federal income tax deduction for itemizers. The trustee pays you (or others you choose) a lifetime income. At death (or at the end of the stated trust term), remaining assets are transferred to charity.

**Initiate gift by December 11**

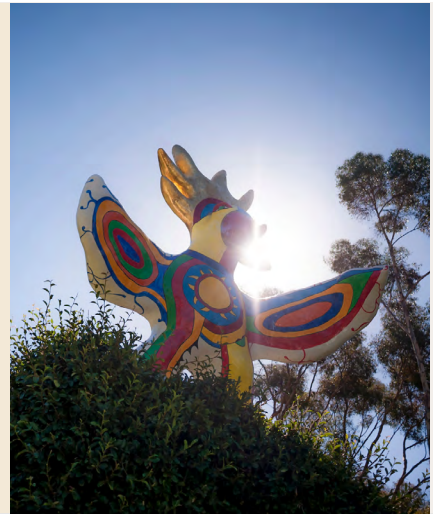
## **7 A Grant from Your Donor-Advised Fund**

If you have a donor-advised fund (DAF), you can recommend a distribution to us. This gift comes from funds you have already set aside for charitable giving, so there is no impact on your current budget or spendable income. If you are considering a grant to us from your DAF, please let us know. We will provide helpful transfer information and verify how you want your gift to be used.

**Initiate gift by December 13**

## The Benefit of Bunching Gifts

With the higher standard deduction available now, many people no longer itemize every year. However, you must itemize if you want to claim a charitable income tax deduction. You might consider bunching all the gifts you would normally make over two years into this one year to make itemizing worthwhile, then taking the standard deduction next year.



## Year End or Any Time: Comfortable, Flexible Gifts That Secure Our Future

There are powerful ways to sustain our mission for years to come that have no impact on your current finances. You can also change these gifts if your needs or goals change.

**A gift in your will or living trust.** With just a couple sentences, you can make a future gift of a specific amount or asset, a percentage of your estate, or even what's left in your estate after other obligations have been met.

**A charitable beneficiary designation.** It is easy to name us as a primary, secondary or percentage beneficiary of a life insurance policy, IRA, retirement account or other financial account.





## Understanding and Preparing for Scheduled Tax Changes

Numerous tax changes under the Tax Cuts and Jobs Act (TCJA) of 2017 are scheduled to expire (or “sunset”) on December 31, 2025, if Congress doesn’t take action. Most taxpayers will notice a significant impact on their financial and estate plans. Now is the time to review your plan and talk to your advisor to see if any adjustments are recommended.

The tax changes will also impact charitable giving in the following ways:

### 1. Estate and Gift Taxes

The TCJA doubled the federal estate and gift tax exemption amount, which is up to \$13.61 million in 2024 with inflation adjustments. It is scheduled to drop back into the \$6 - 7 million range starting in 2026. If your estate is not large enough to be impacted by the estate tax now, it may be after the sunset. Charitable giving can help reduce the amount subject to the estate tax and also provide other tax and planning benefits.

### 2. The Standard Deduction

The sunset will greatly reduce the currently high standard deduction amount. This means that starting in 2026, more taxpayers will itemize their taxes and utilize deductions for charitable gifts.

### 3. Deduction Limitation for Gifts of Cash

The sunset will drop the deduction cap on charitable gifts of cash from the current 60% of adjusted gross income (AGI) back to the previous 50% of AGI. If you plan to make a large cash donation in the near future, consider making it in 2024 or 2025, if possible.

## 2024 Tax Preparation Checklist

- Copy of 2023 tax return
- Social Security numbers
- W-2 forms from all employers
- 1099-INT forms showing interest payments received
- 1099-G form showing any refund, credit or offset of state/local taxes
- Receipts pertaining to a business (if the taxpayer is a small business owner)
- 1099-DIV and 1099-R forms
- Other income receipts from rental real estate, royalties, partnerships, S corporations or trusts
- Social Security benefits documentation
- Medical/dental expenses
- Receipts for taxes paid from state, local, real estate and/or personal property
- Form 1098 mortgage interest and points
- Receipts for charitable contributions and gifts
- Casualty and theft loss documentation

**UC San Diego**

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